

ARIZONA'S WORKFORCE

A press release from the Arizona Dept. Of Economic Security, Research Administration



April 6, 2006

State's Job-Growth Engine Should Continue to Hit on All Cylinders

Population Growth, Business Expansion to Fuel Increase of 256,000 Jobs Over Forecast Period; All Major Industry Groups to Benefit From 5.1% Average Annual Growth Rate

Arizona's Department of Economic Security (DES), Research Administration (RA) is projecting Arizona's economy will add more than 256,000 nonfarm jobs through the 2006-2007 period. For most industries, the economic momentum from 2005 is expected to increase in 2006, while a modest slowing is expected in 2007. Nonfarm jobs are forecast to grow at an annual rate of 5.5 percent in 2006 and 4.4 percent in 2007. Much of this continuing growth stems from Arizona's favorable attraction as a great place in which to live and the economic vitality that lures investors and businesses.

Job growth is projected for all 11 major industry groups, with the most rapid expansion occurring in construction; professional and business services; natural resources and mining; leisure and hospitality; and educational and health services. Even information services is forecast to add jobs.

Recently released benchmarked employment figures revealed a much faster growing economy than previ-

ously reported.

Through 2005, Arizona's job growth averaged the second-fastest growing rate in the nation in terms of annual nonfarm job growth, ranked just behind Nevada. While the Arizona and Nevada economies are relatively small in comparison to many other states, their rates of growth have continued to be some of the most rapid growing in the Rocky Mountain and Southwest regions.

Among Arizona's major industries, construction is forecast to continue expanding at the fastest pace. Construction is forecast to add more than 39,000 jobs over the next two years, growing by 10 percent in 2006 and 7.3 percent in 2007. This represents a gradual slowing from the near 14 percent pace in 2005.

Professional and business services is forecast to gain more than 63,000 jobs. Strong demand from growth in the overall economy is expected to cause healthy job gains in this industry. Growth will remain the same in 2006 as 2005 at 8.9 percent, but will slow to 7.5 percent in 2007.

Natural resources and mining is forecast to add 1,500 jobs during the forecast period. Strong demand for mineral ores to supply materials for economic expansion is expected to bolster this industry.

RA projects leisure and hospitality to gain more than 26,000 jobs. An improving economy is expected to increase the demand for business and recreation travel-related services. The demand for food and beverage services is anticipated to increase from an aging and growing population that prefers prepared food rather

2006-'07



Forecast

Total Nonfarm Employment

Annual Average Growth Rate

	2005 ^(a)	2006 ^(b)	2007 ^(b)
Arizona	5.3%	5.5%	4.4%
Phoenix-Mesa MA ¹	6.2%	5.8%	4.9%
Tucson MA ²	1.6%	4.0%	3.1%
Balance of State	4.8%	5.7%	3.7%

1 Maricopa and Pinal counties
2 Pima County
a) Benchmarked
b) Forecast

(continued on page 2)

than meals cooked at home.

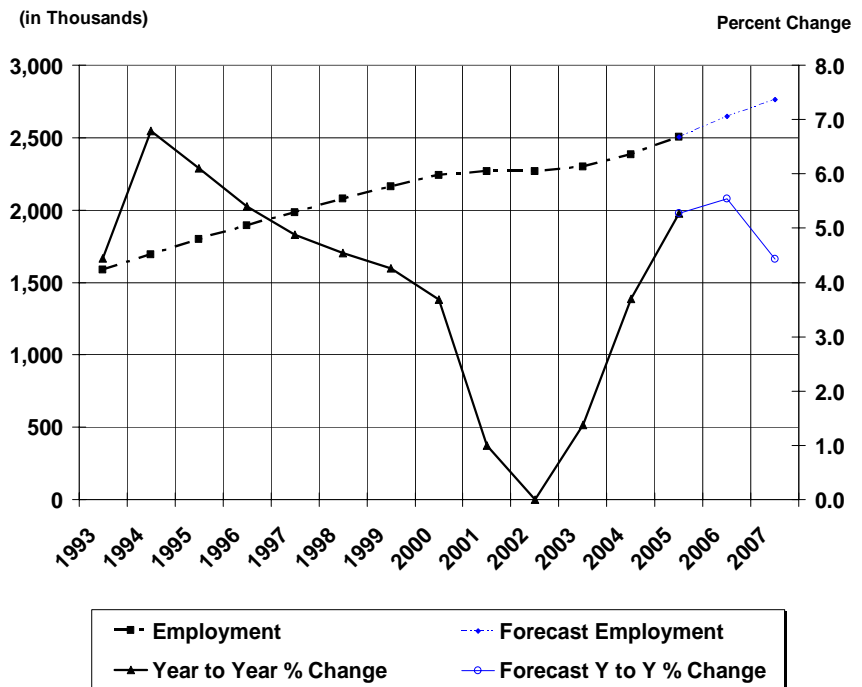
Educational and health services is forecast to have an increase of more than 27,000 jobs over the two-year period. An improving economy and demographic trends are driving the demand for the services provided by this major industry.

Trade, transportation and utilities employment is forecast to gain more than 47,000 jobs the next two years. While trade is projected to have the largest gains, transportation and utilities are expected to have smaller increases because of rising energy costs.

RA projects that financial activities will gain almost 17,000 jobs over the two-year period. While an expanding economy will bolster growth in this industry, rising interest rates will moderate this growth. The projected growth rate for 2006 will be the same as 2005 at 5.5 percent. For 2007, the pace of expansion will decrease to 4.0 percent.

Other services is forecast to have an increase of more than 8,000 jobs primarily as a result of the rising level of tourist activity.

Arizona Nonfarm Employment Trends



Manufacturing staffing levels are projected to gain more than 8,000 jobs because of strong demand from an expanding economy. In addition to strong demand for aerospace and electronics, Arizona's factories will also benefit from supplying building materials and furnishings to a strong construction industry.

RA forecasts government will have an increase of more than 15,000 jobs. A growing economy and population is increasing the demand for public services such as education and protection. Federal level employment is expected to increase because of increased emphasis to secure borders and sustain military operations across the nation and the globe. Unlike most other industries, the growth rate is expected to increase during the forecast period from 1.0 percent in 2005 to 1.8 percent in 2006 and then to 1.9 percent in 2007.

Information employment levels are projected to have a gain of 900 jobs over the two-year period, after four consecutive years of job losses. Recent jobs gains have indicated an end to the recent phase of consolidation in this industry and a beginning of an expansion phase. An expanding population with a large appetite for computer and communications services is expected to drive the growth of this industry. The pace of expansion will increase during the forecast period from a loss of 3.8

Arizona Industry Employment

Annual Average Growth Rate

	2005 ^(a)	2006 ^(b)	2007 ^(b)
Manufacturing	2.4%	2.5%	2.2%
Natural Resources/Mining	6.0%	10.3%	5.8%
Construction	13.9%	10.0%	7.3%
Trade, Trans, Warehouse & Utilities	5.2%	5.4%	4.2%
Information	-3.8%	0.7%	1.3%
Financial Activities	5.5%	5.5%	4.0%
Profess & Business Svcs	8.9%	8.9%	7.5%
Education & Health Svcs	5.2%	5.7%	4.2%
Leisure & Hospitality	5.0%	5.5%	4.6%
Other Services	3.6%	6.0%	3.0%
Government	1.0%	1.8%	1.9%

a) Benchmarked

b) Forecast

(continued on page 3)

percent in 2005 to a gain of 0.7 percent in 2006 and then increase again in 2007 to 1.3 percent.

In conclusion, Arizona's economy continues to look vibrant over the forecast horizon of the next two years. Each of the 11 major industry groups are forecast to add jobs and rates of growth are generally ex-

pected to improve on the healthy rates of 2005. Construction is forecast to gradually slow, though still adding jobs into 2007. Considering the forecasts of job growth for the nation, as provided by Global Insight, Arizona's nonfarm jobs are forecast to grow at nearly four times the national pace.

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Next Press Briefing: **March Employment Report** - Thursday, April 21 10:00 a.m.,
DES Administration Building, Room 110, 1717 W. Jefferson St., Phoenix

The Arizona Workforce (Press Release) is now on the Internet.

<http://www.workforce.az.gov>

Please contact our office, if you still want a faxed copy each month.

Equal Opportunity Employer/Program

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Table 1

Arizona Employment Forecast (In Thousands)						
	2004	2005	2006	2007	Change in Employment	
					2006	2007
Total Nonfarm Employment	2381.3	2506.9	2645.8	2763.0	138.9	117.2
<i>Percent Change</i>		5.3	5.5	4.4		
Manufacturing	177.1	181.3	185.9	189.9	4.6	4.1
<i>Percent Change</i>		2.4	2.5	2.2		
Natural Resources & Mining	8.3	8.8	9.7	10.3	0.9	0.6
<i>Percent Change</i>		6.0	10.3	5.8		
Construction	191.7	218.3	240.2	257.8	21.9	17.6
<i>Percent Change</i>		13.9	10.0	7.3		
Trade, Transportation, & Utilities	462.7	486.7	512.8	534.4	26.1	21.6
<i>Percent Change</i>		5.2	5.4	4.2		
Information	46.9	45.1	45.4	46.0	0.3	0.6
<i>Percent Change</i>		-3.8	0.7	1.3		
Financial Activities	164.7	173.7	183.3	190.6	9.6	7.3
<i>Percent Change</i>		5.5	5.5	4.0		
Professional & Business Services	338.7	369.0	402.0	432.1	33.0	30.1
<i>Percent Change</i>		8.9	8.9	7.5		
Education & Health Services	260.7	274.3	289.8	302.0	15.5	12.2
<i>Percent Change</i>		5.2	5.7	4.2		
Leisure & Hospitality	241.7	253.8	267.8	280.1	14.0	12.3
<i>Percent Change</i>		5.0	5.5	4.6		
Other Services	89.4	92.6	98.2	101.1	5.6	2.9
<i>Percent Change</i>		3.6	6.0	3.0		
Government	399.4	403.3	410.7	418.6	7.4	7.9
<i>Percent Change</i>		1.0	1.8	1.9		

Note: 1) Totals may not add due to rounding 2) Historical data benchmarked

Table 2

Phoenix-Mesa Metropolitan Area Employment Forecast						
(In Thousands)						
	2004	2005	2006	2007	Change in Employment	
					2006	2007
Total Nonfarm Employment	1683.7	1787.4	1891.4	1983.2	104.0	91.8
<i>Percent Change</i>		<i>6.2</i>	<i>5.8</i>	<i>4.9</i>		
Manufacturing	131.9	135.5	138.7	141.7	3.2	3.0
<i>Percent Change</i>		<i>2.7</i>	<i>2.4</i>	<i>2.2</i>		
Natural Resources & Mining	2.1	2.1	2.4	2.6	0.3	0.2
<i>Percent Change</i>		<i>0.0</i>	<i>14.0</i>	<i>7.0</i>		
Construction	141.6	163.9	180.6	195.4	16.7	14.8
<i>Percent Change</i>		<i>15.7</i>	<i>10.2</i>	<i>8.2</i>		
Trade, Transportation, & Utilities	340.6	361.9	383.9	401.8	22.1	17.9
<i>Percent Change</i>		<i>6.2</i>	<i>6.1</i>	<i>4.7</i>		
Information	34.6	33.2	33.4	33.8	0.2	0.4
<i>Percent Change</i>		<i>-4.0</i>	<i>0.5</i>	<i>1.2</i>		
Financial Activities	138.7	146.6	153.9	160.1	7.3	6.2
<i>Percent Change</i>		<i>5.7</i>	<i>5.0</i>	<i>4.0</i>		
Professional & Business Services	273.8	299.4	327.1	352.4	27.7	25.4
<i>Percent Change</i>		<i>9.3</i>	<i>9.2</i>	<i>7.8</i>		
Education & Health Services	173.6	182.9	193.5	202.1	10.6	8.6
<i>Percent Change</i>		<i>5.4</i>	<i>5.8</i>	<i>4.4</i>		
Leisure & Hospitality	161.9	169.7	177.9	187.0	8.2	9.1
<i>Percent Change</i>		<i>4.8</i>	<i>4.8</i>	<i>5.1</i>		
Other Services	64.2	66.8	70.8	72.9	4.0	2.1
<i>Percent Change</i>		<i>4.0</i>	<i>6.0</i>	<i>3.0</i>		
Government	220.8	225.5	229.3	233.4	3.8	4.2
<i>Percent Change</i>		<i>2.1</i>	<i>1.7</i>	<i>1.8</i>		

Note: 1) Totals may not add due to rounding 2) Historical data benchmarked

Table 3

Tucson Metropolitan Area Employment Forecast (In Thousands)						
	2004	2005	2006	2007	Change in Employment	
					2006	2007
Total Nonfarm Employment	360.1	365.8	380.4	392.0	14.6	11.6
<i>Percent Change</i>		1.6	4.0	3.1		
Manufacturing	28.4	28.2	28.9	29.4	0.7	0.6
<i>Percent Change</i>		-0.7	2.3	2.0		
Natural Resources & Mining	1.3	1.4	1.6	1.7	0.2	0.1
<i>Percent Change</i>		7.7	11.0	9.0		
Construction	24.0	25.7	27.2	28.0	1.5	0.9
<i>Percent Change</i>		7.1	5.7	3.3		
Trade, Transportation, & Utilities	57.9	58.5	59.7	60.8	1.2	1.0
<i>Percent Change</i>		1.0	2.1	1.8		
Information	7.6	7.2	7.2	7.2	0.0	0.0
<i>Percent Change</i>		-5.3	-0.4	0.5		
Financial Activities	15.9	16.4	17.7	18.4	1.3	0.7
<i>Percent Change</i>		3.1	8.0	4.0		
Professional & Business Services	43.4	45.8	48.9	51.4	3.1	2.5
<i>Percent Change</i>		5.5	6.8	5.1		
Education & Health Services	47.8	50.3	53.1	55.2	2.8	2.1
<i>Percent Change</i>		5.2	5.6	3.9		
Leisure & Hospitality	39.1	40.2	42.8	44.8	2.6	1.9
<i>Percent Change</i>		2.8	6.6	4.6		
Other Services	14.7	14.7	15.0	15.1	0.3	0.1
<i>Percent Change</i>		0.0	2.0	1.0		
Government	79.9	77.4	78.4	80.0	1.0	1.6
<i>Percent Change</i>		-3.1	1.2	2.0		

Note: 1) Totals may not add due to rounding 2) Historical data benchmarked

Table 4

Balance of State Employment Forecast						
(In Thousands)						
	2004	2005	2006	2007	Change in Employment	
					2006	2007
Total Nonfarm Employment	337.5	353.7	374.0	387.8	20.3	13.8
<i>Percent Change</i>		4.8	5.7	3.7		
Manufacturing	16.8	17.6	18.3	18.8	0.7	0.5
<i>Percent Change</i>		4.8	4.0	2.6		
Natural Resources & Mining	4.9	5.3	5.8	6.0	0.5	0.3
<i>Percent Change</i>		8.2	8.6	4.4		
Construction	26.1	28.7	32.5	34.4	3.8	2.0
<i>Percent Change</i>		10.0	13.1	6.0		
Trade, Transportation, Warehousing, & Utilities	64.2	66.3	69.2	71.8	2.8	2.6
<i>Percent Change</i>		3.4	4.2	3.8		
Information	4.7	4.7	4.9	5.0	0.2	0.2
<i>Percent Change</i>		0.0	3.6	3.5		
Financial Activities	10.1	10.7	11.6	12.1	0.9	0.5
<i>Percent Change</i>		5.9	8.5	4.0		
Professional & Business Services	21.5	23.8	26.1	28.3	2.3	2.3
<i>Percent Change</i>		10.7	9.5	8.7		
Education & Health Services	39.3	41.1	43.2	44.7	2.1	1.5
<i>Percent Change</i>		4.6	5.1	3.5		
Leisure & Hospitality	40.7	43.9	47.1	48.3	3.2	1.2
<i>Percent Change</i>		7.9	7.3	2.6		
Other Services	10.5	11.1	12.4	13.0	1.3	0.7
<i>Percent Change</i>		5.7	11.3	5.4		
Government	98.7	100.4	103.1	105.2	2.7	2.2
<i>Percent Change</i>		1.7	2.6	2.1		

Note: 1) Totals may not add due to rounding 2) Historical data benchmarked

Arizona, Phoenix Metro, Tucson Metro, Balance of State Nonfarm Employment

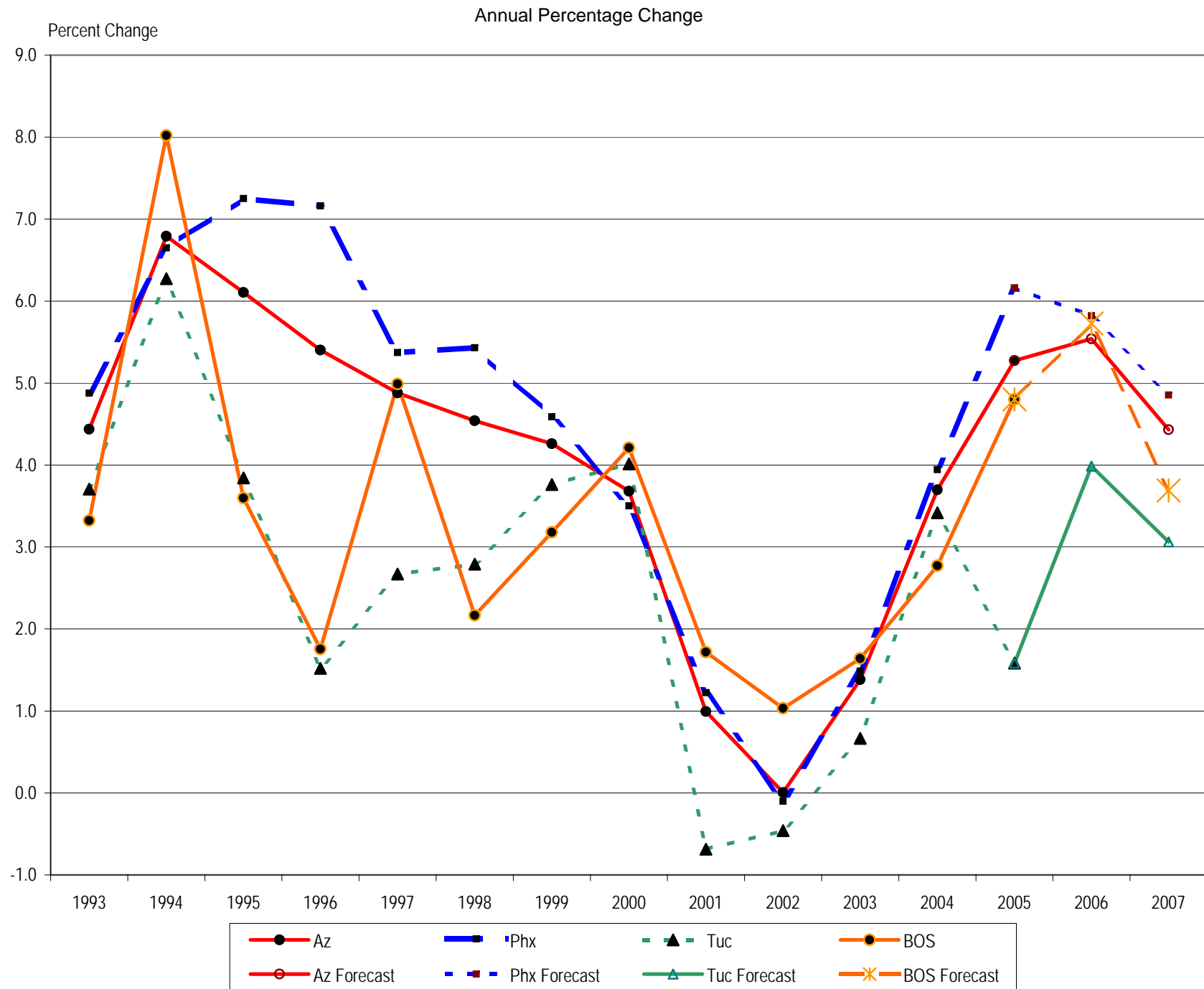


Chart 2

Arizona Nonfarm Employment

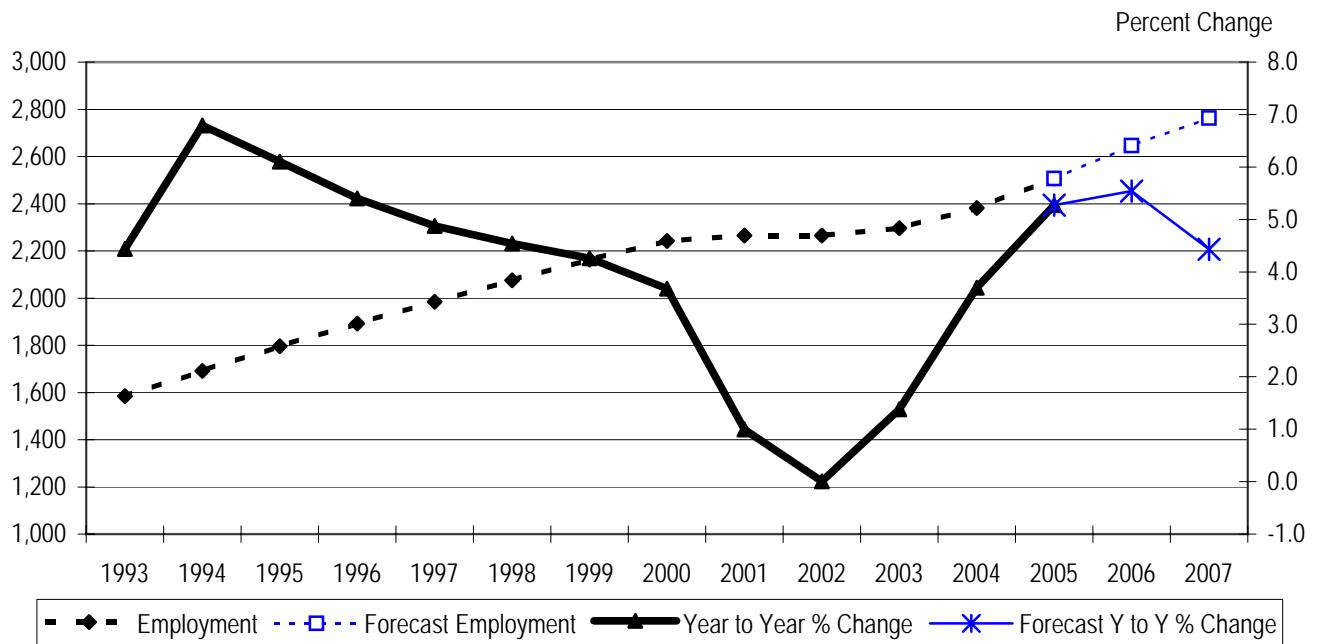


Chart 3

Phoenix-Mesa MA Nonfarm Employment

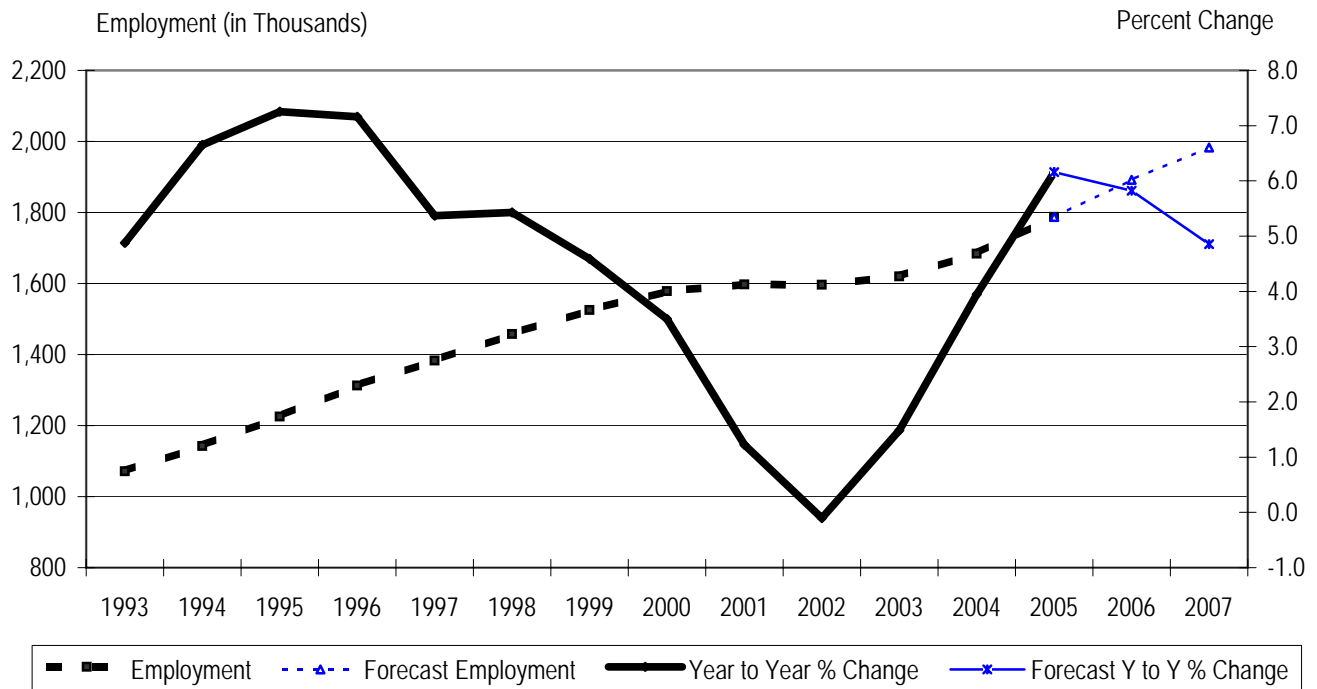


Chart 4

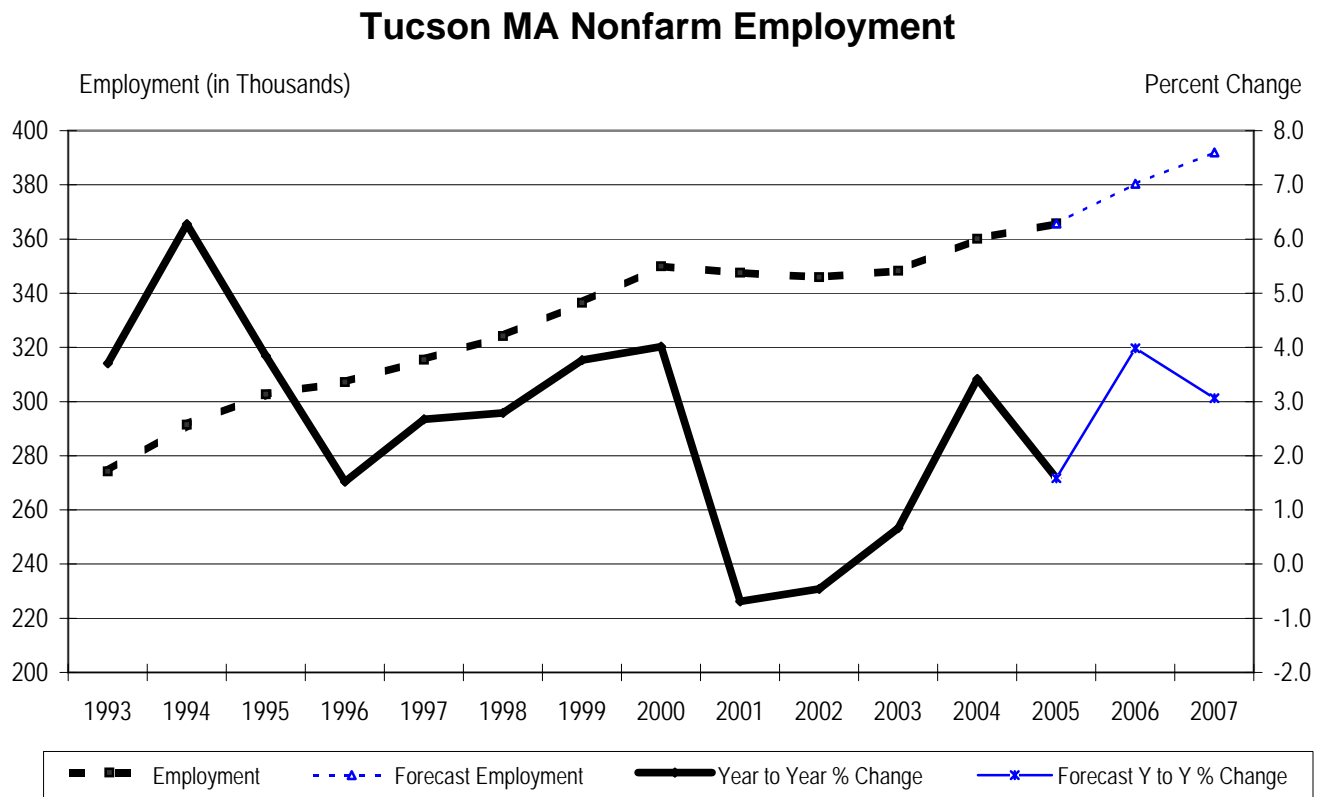


Chart 5

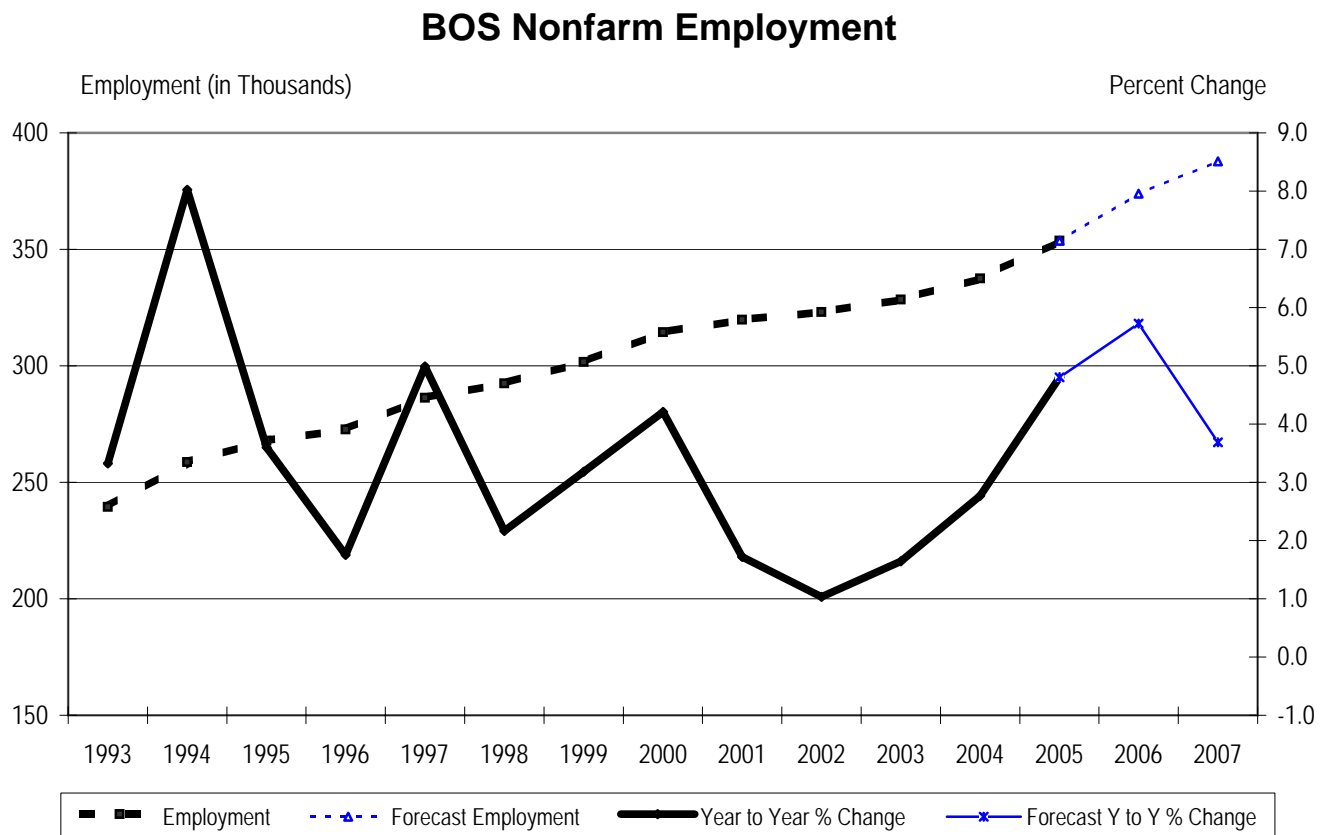


Chart 6

Arizona Manufacturing Employment

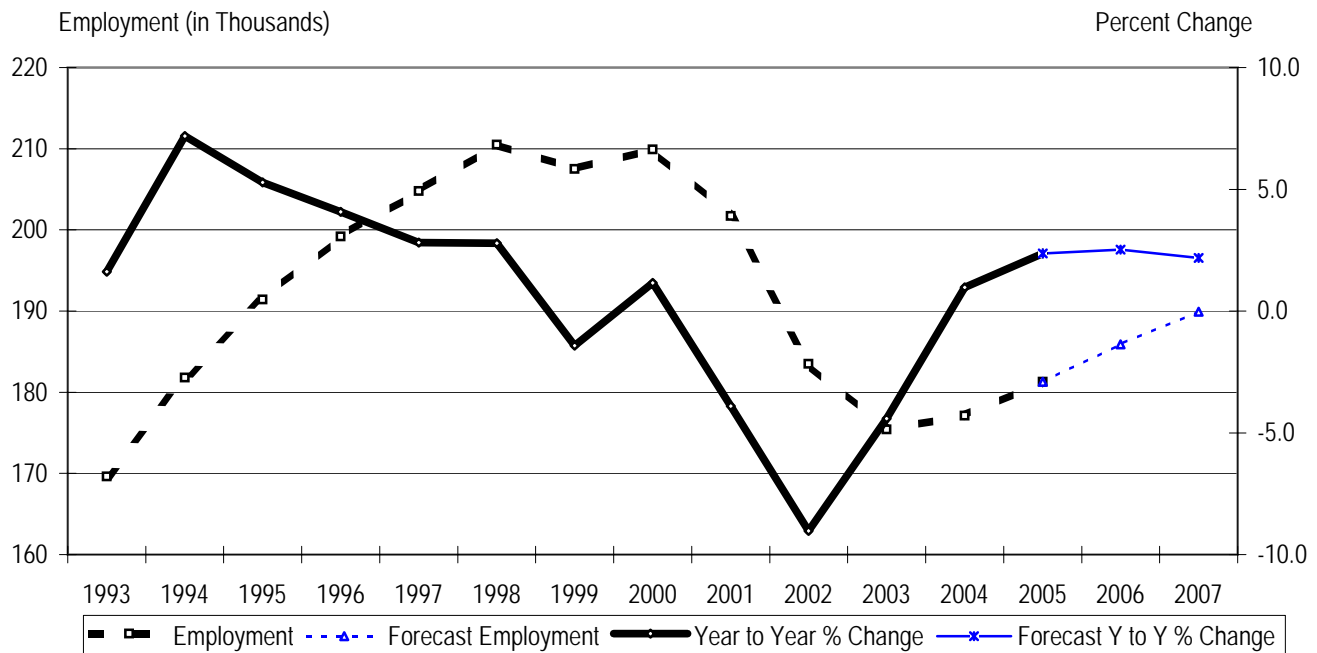


Chart 7

Arizona Natural Resources & Mining Employment

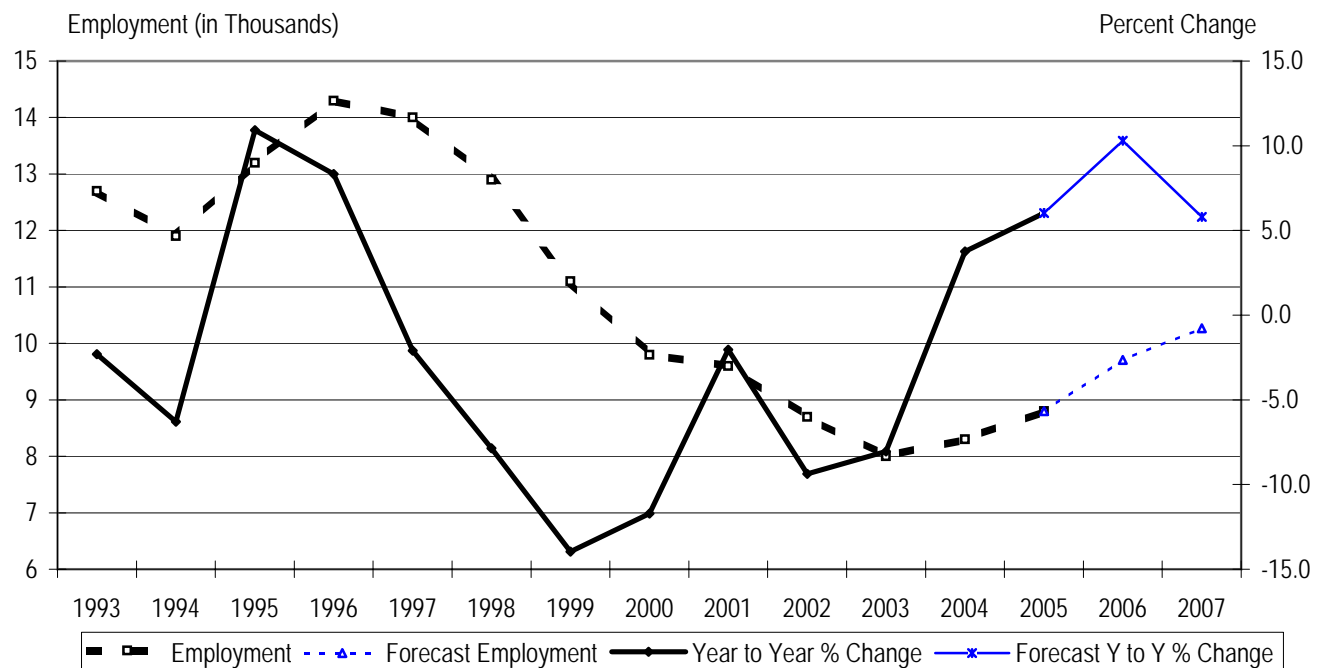


Chart 8

Arizona Construction Employment

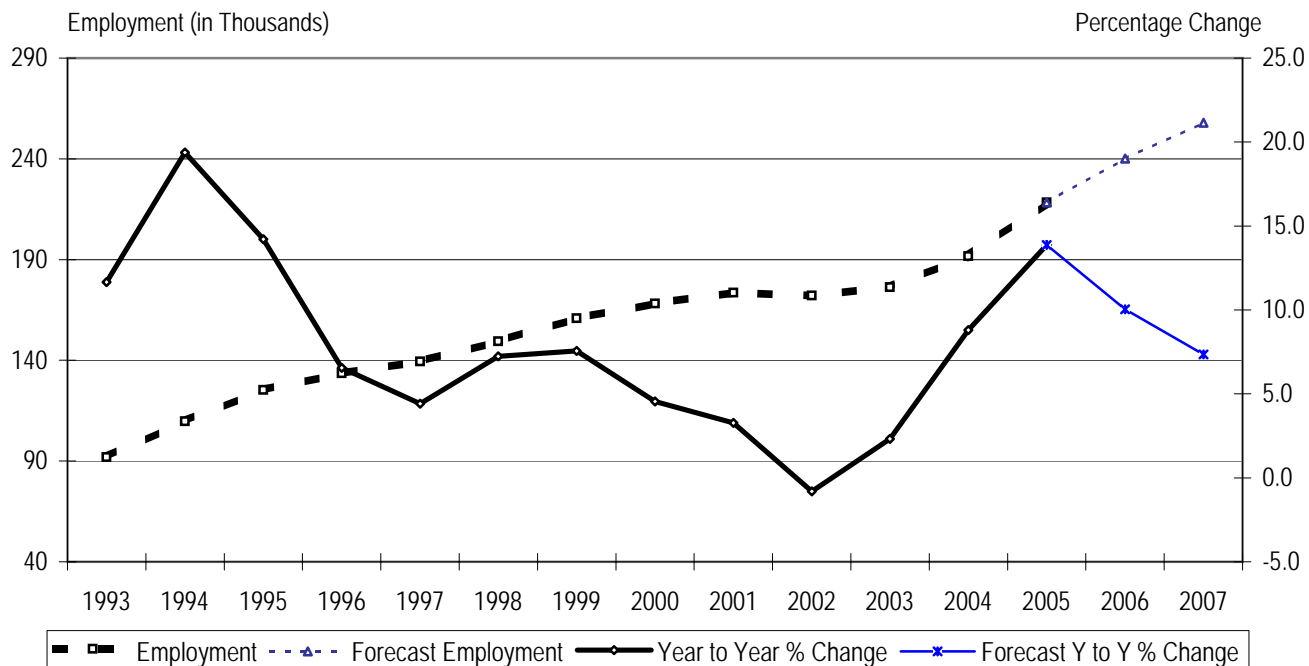


Chart 9

Arizona Trade Employment

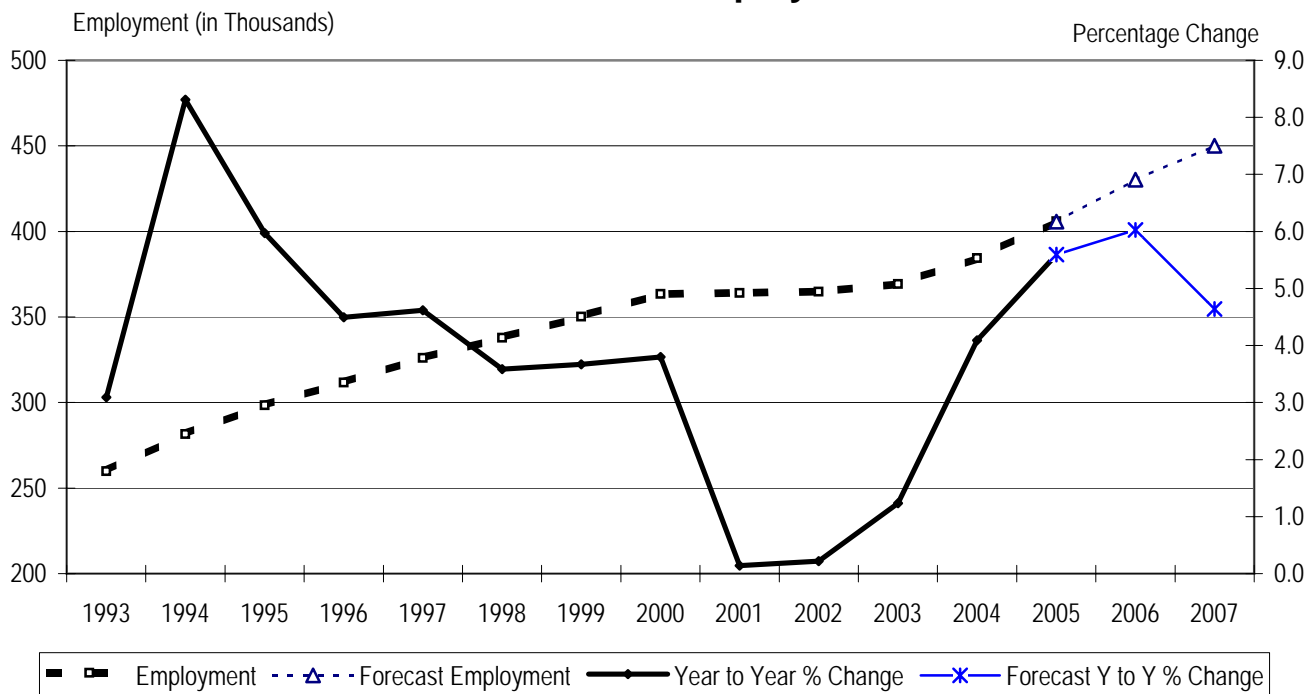


Chart 10

Arizona Transportation, Warehousing, & Utilities Employment

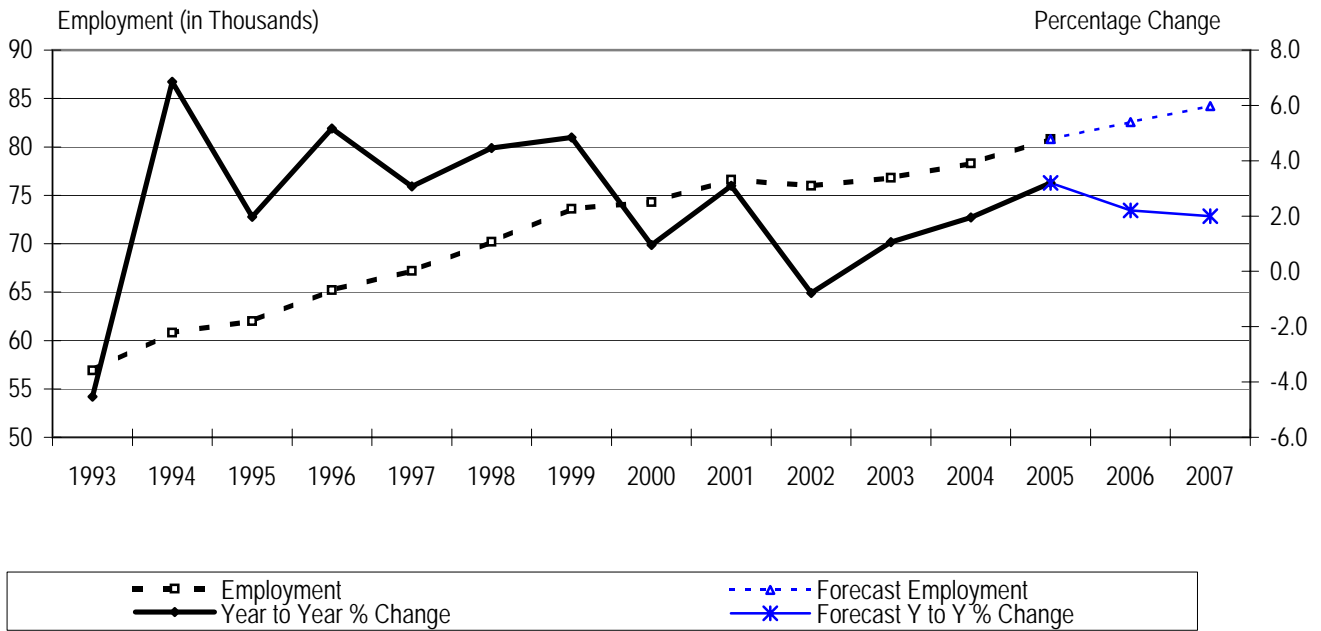


Chart 11

Arizona Information Employment

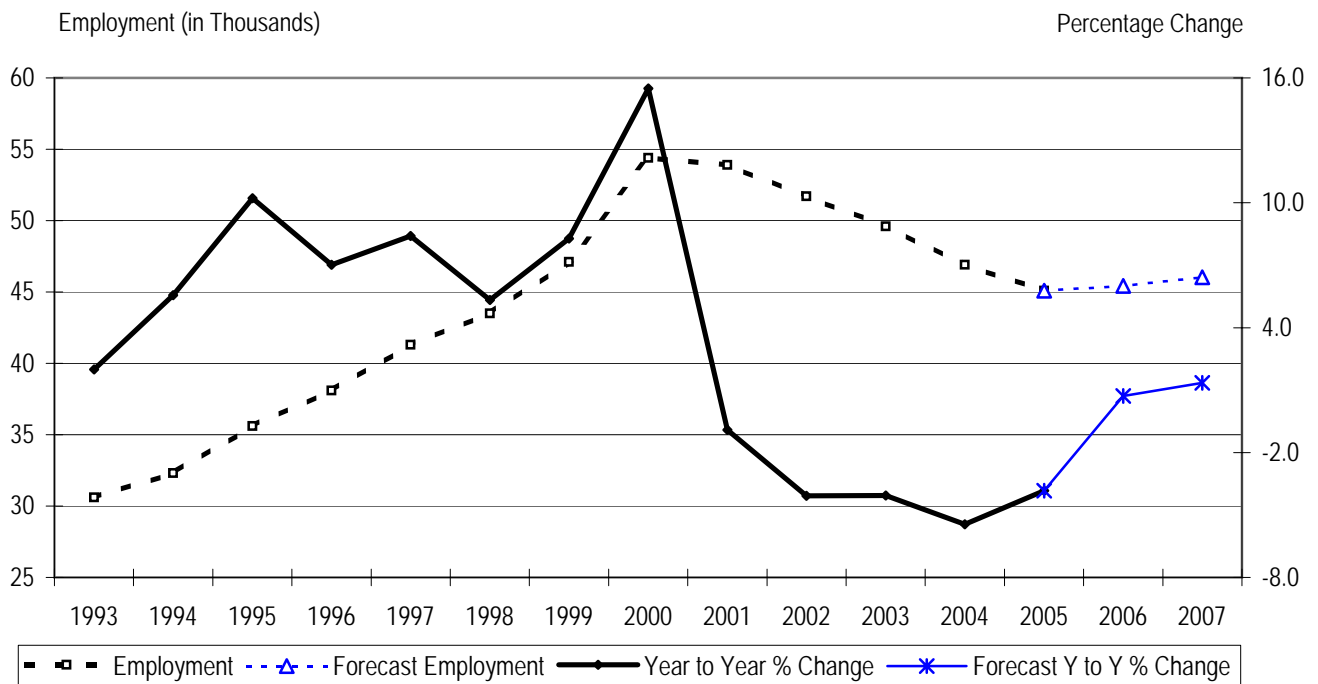


Chart 12

Arizona Financial Activities Employment

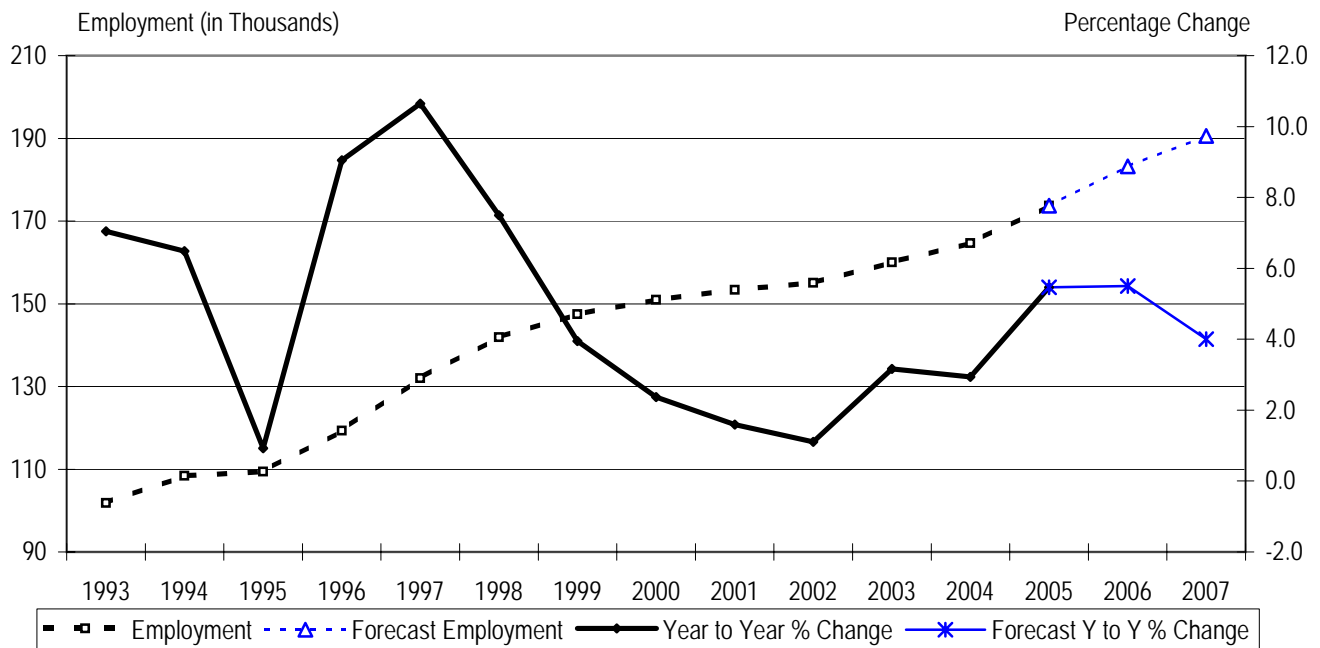


Chart 13

Arizona Professional & Business Services Employment

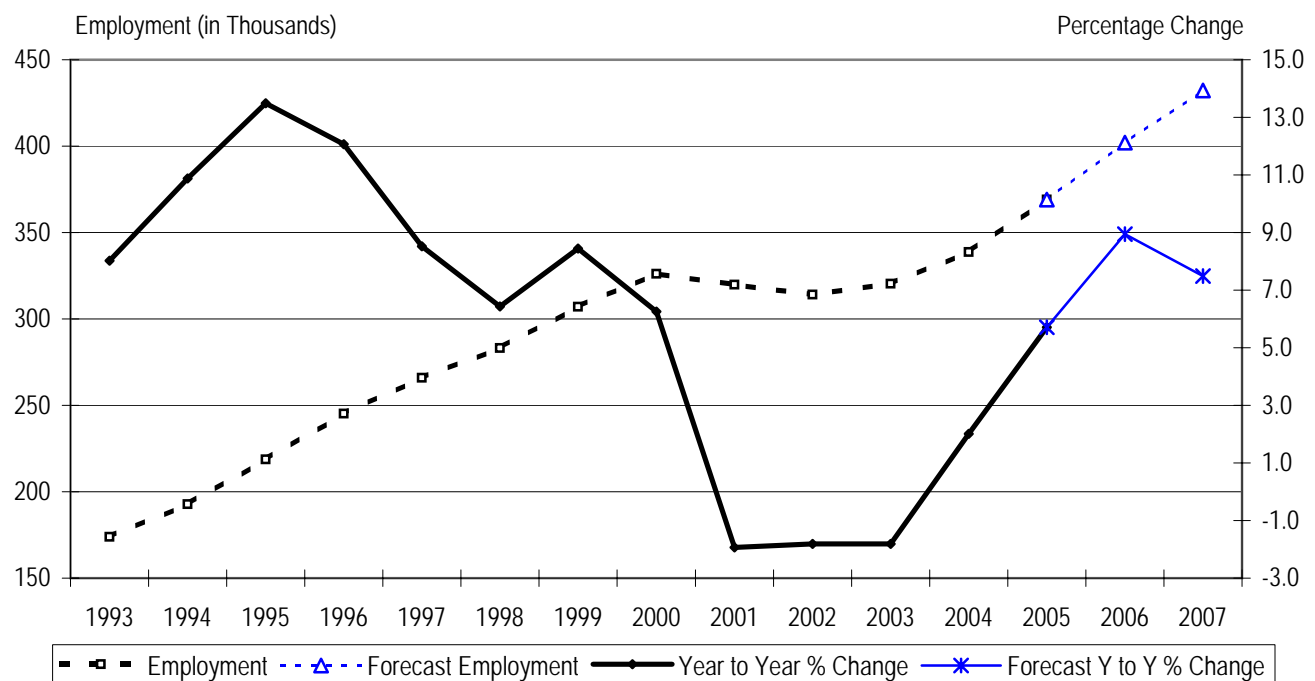


Chart 14

Arizona Education & Health Services Employment

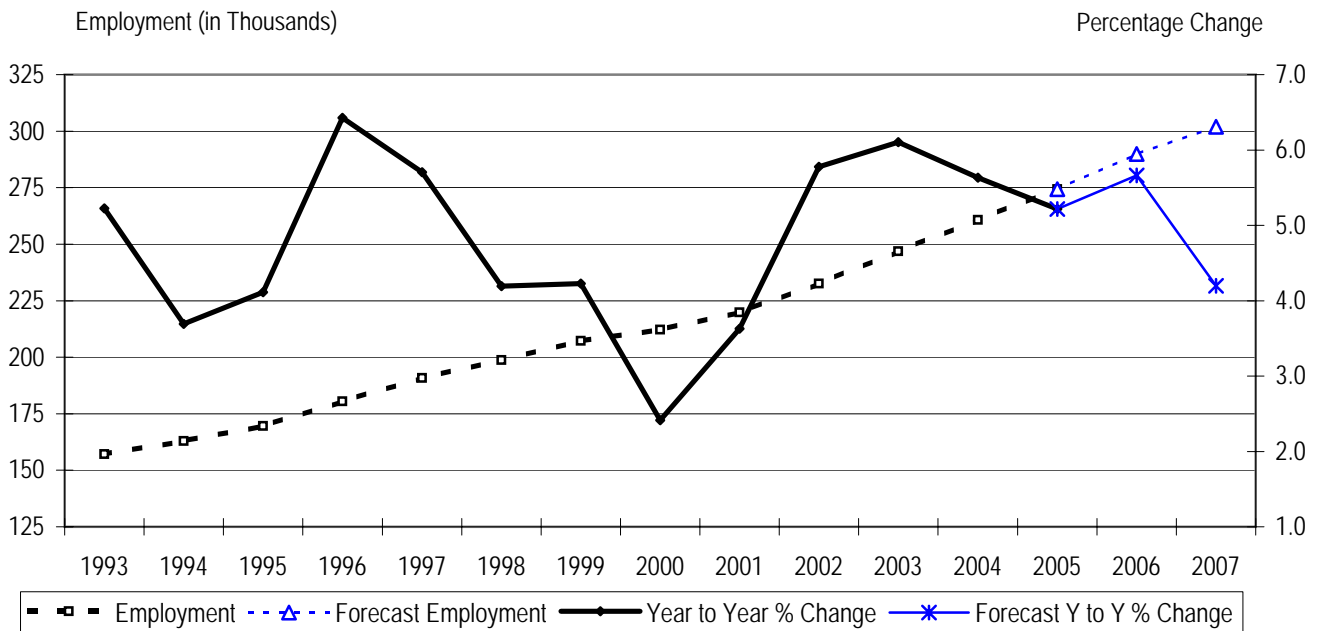


Chart 15

Arizona Leisure & Hospitality Employment

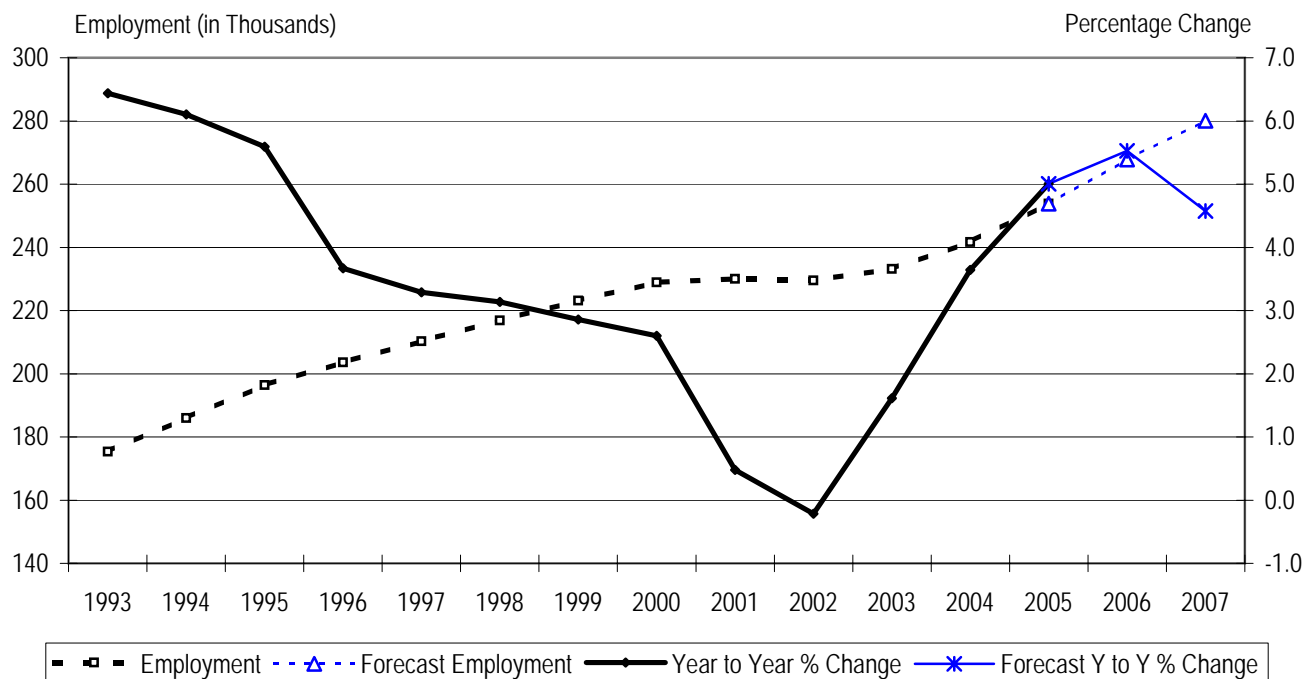


Chart 16

Arizona Other Services Employment

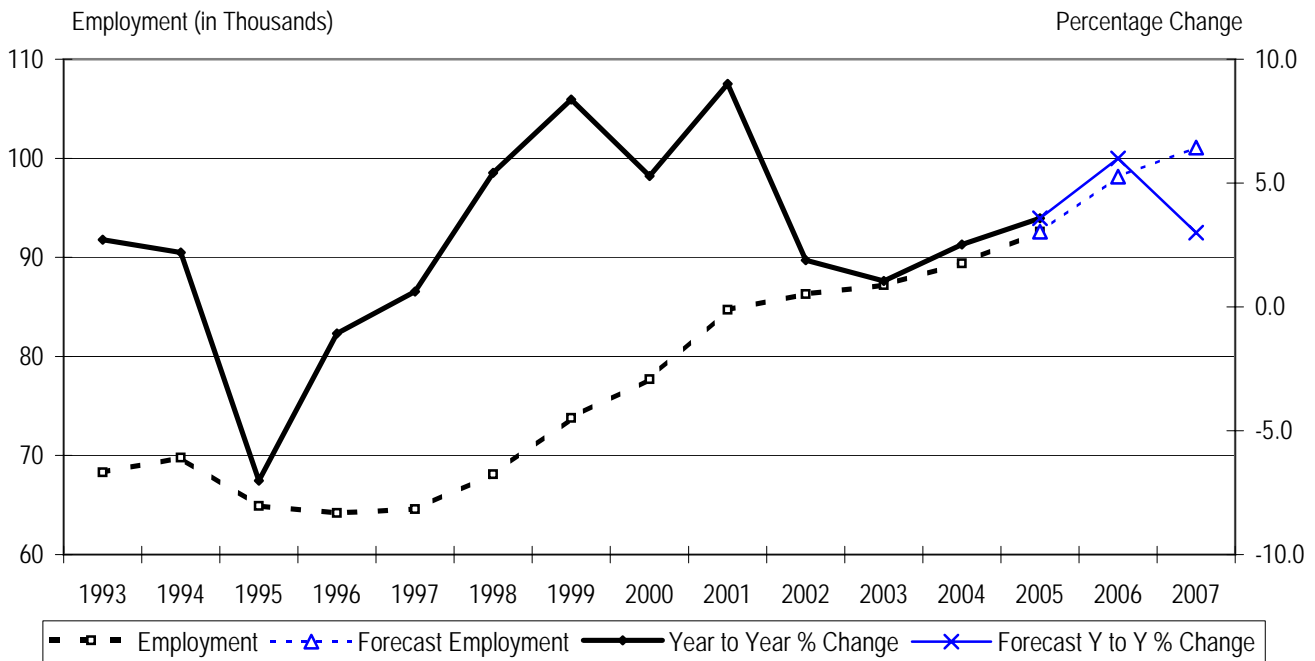


Chart 17

Arizona Government Employment

